

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 130 – HB 595

February 7, 2013

SUMMARY OF BILL: Extends the requirement that an officer request evidence of financial responsibility any time a driver is charged with any violation of state law or local ordinance regulating traffic, excluding parking citations and citations based solely on evidence obtained from a traffic enforcement camera.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$746,800/Recurring

**Increase State Expenditures – \$19,500/One-Time
\$139,500/Recurring**

Increase Local Revenue – \$18,600/Recurring

Assumptions:


- Law enforcement officers are currently required to ask for proof of insurance when a driver is charged with any violation codified in Tenn. Code Ann, Title 55, Chapters 8, 10 (§§ 1 -5), and 50. This bill will expand the requirement to all traffic stops.
- According to the Department of Safety (DOS), 41,232 driver license suspensions were issued as a result of convictions for financial responsibility violations.
- Based on information provided by DOS, there will be approximately 9,900 additional convictions for financial responsibility violations as a result of this bill.
- DOS estimates that 50 percent of offenders will reinstate annually and pay a reinstatement fee of \$65 resulting in a recurring increase in state revenue of \$321,750 ($9,900 \times 50.0\% \times \65).
- According to DOS, of the remaining 50 percent, 75 percent will be required to apply for a new license and pay a driver license fee of \$19.50 resulting in a recurring increase in state revenue of \$72,394 ($9,900 \times 50.0\% \times 75.0\% \times \19.50).
- The average fine for a violation of the financial responsibility law is \$50. County clerks retain five percent of fine revenue; the state receives the remaining 95 percent.
- A 75 percent collection rate of fines.
- A recurring increase in state fine revenue of \$352,688 ($9,900 \times \$50 \times 95.0\% \times 75.0\%$).
- A total increase in recurring state revenue of \$746,832 ($\$321,750 + \$72,394 + \$352,688$).

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- A recurring increase in local government revenue of \$18,563 ($9,900 \times \$50 \times 5.0\% \times 75.0\%$).
- The Department of Safety will require four additional positions: one Safety Examiner 2 position and one Safety Examiner 1 position to handle phone calls and review incoming mail; one Driver License Examiner to issue driver license reinstatements and new driver licenses; and one secretary position will be needed to prepare mailings to be sent and assist examiners.
- The one-time increase in state expenditures for four additional positions will be \$19,500 (computers, telephones, office supplies, uniforms).
- The recurring increase in state expenditures for one Safety Examiner 2 position will be \$34,480 (\$21,456 salary + \$9,224 benefits + \$3,800 office supplies).
- The recurring increase in state expenditures for one Safety Examiner 1 position will be \$32,548 (\$19,776 salary + \$8,972 benefits + \$3,800 office supplies).
- The recurring increase in state expenditures for one Driver License Examiner position will be \$34,708 (\$21,480 salary + \$9,228 benefits + \$4,000 office supplies and uniforms).
- The recurring increase in state expenditures for one secretary position will be \$34,480 (\$21,456 salary + \$9,224 benefits + \$3,800 office supplies).
- The recurring increase in state expenditures for postage to send out suspension notices will be \$3,267 ($9,900 \text{ suspensions} \times \0.33 postage).
- The total recurring increase in state expenditures is estimated to be \$139,483 ($\$34,480 + \$32,548 + \$34,708 + \$34,480 + \$3,267$).
- Any increase in state or local law enforcement expenditures will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jaw